



ARKANSAS WORKFORCE CENTERS
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April 14, 2005

Mr. John Davidson
Secretary of State's Office
State Capitol
Little Rock, AR 72201-1094

Dear Mr. Davidson:

RE: Arkansas Workforce Investment Board's Incentive Policy

The Arkansas Workforce Investment Board (AWIB) approved a new "WIA Incentives Policy" at its April 12, 2005 meeting. Federal regulations require that each State use a portion of WIA funds to award financial incentives to local areas that exceed WIA performance.

In compliance with Act 1478's Rule Notice, we have attached the following documents:

- AWIB Incentive Policy, as approved on April 12, 2005
- Arkansas Register Transmittal Sheet
- Notice of Public Comment advertisement that will appear in the *Arkansas Democrat Gazette*, April 18-20, 2005 (The Public Notice period will commence on Monday, April 18, 2005 and end on May 17, 2005.)

If you have questions or need additional information, please contact Elroy Willoughby at (501) 371-1040 or Elroy.Willoughby@arkansas.gov

Sincerely,

Sandra Winston

Enclosures

SW:ew

Mike Huckabee
Governor

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Sandra Winston
Executive Director

PURPOSE

To transmit policies regarding Workforce Investment Act (WIA) Incentives which will be applied to WIA performance in Arkansas' 10 local workforce investment programs.

BACKGROUND

Under the Workforce Investment Act (WIA) Title I-B, a portion of the Statewide Employment and Training Activities funds must be used to allocate incentive funds to local workforce investment areas [WIA Sec.134 (a)(2)(B)(iii)]. This policy establishes the criteria for which Arkansas Workforce Investment Board will reward local areas that exceed 100 percent of the average of the expected levels of performance for the state and federal core indicators. The Arkansas Employment Security Division, the Governor's Administrative Entity, will allocate these funds to the local areas upon the direction of the Arkansas Workforce Investment Board.

REFERENCES

- WIA Sec.134 (a)(2)(B)(iii)
- Final Rule 20 CFR Part 666.400 and 666.410
- Arkansas State Unified Plan

POLICY

To be eligible for an incentive grant, a local area must meet the following criteria:

- 1) A local area must achieve at least a 100% average in the performance measures, by funding stream;
- 2) A local area may not have any of their 17 measures fall below 80% of their negotiated performance levels; and
- 3) The local area must match or exceed the percentage of the State's overall number of exiters that is equal to the local area's percentage of the State's funding.

Basic Principles For Incentive Allocations

Four incentive awards: The state will allocate four separate incentive awards to Local Workforce Investment Boards (LWIB) for exemplary performance results under WIA Title I-B Adult, Dislocated Worker, Youth, and for high levels of satisfaction by participants and employers. Depending on the results, a local area might receive no award, one award, two, three or four awards.

The following chart is the incentive distribution plan.

Incentive Category	Proportion of the total incentive funds to be awarded	Performance level for a LWIB to receive an incentive award
Title I-B Youth Services	30 percent	Meeting or exceeding an overall average of 100% of the older youth and younger youth performance measures <u>AND</u> matching or exceeding the percentage of the State's overall number of exiters for the measure that is equal to or greater than the Local Area's percentage of the State's overall funding
Title I-B Adult Services	30 percent	Meeting or exceeding an overall average of 100% of the adult performance measures <u>AND</u> matching or exceeding the percentage of the State's overall number of exiters for the measure that is equal to or greater than the Local Area's percentage of the State's overall funding
Title I-B Dislocated Worker Services	30 percent	Meeting or exceeding an overall average of 100% of the dislocated worker performance measures <u>AND</u> matching or exceeding the percentage of the State's overall number of exiters for the measure that is equal to or greater than the Local Area's percentage of the State's overall funding
Core indicators for employer satisfaction and participant satisfaction	10 percent	Meeting or exceeding negotiated core satisfaction levels for both participants and employers.

STEP ONE

Formula for calculating average performance in each category: The method used in the following example will be used to calculate the averaged performance in each of the four award categories:

WIA Title I-B Adult Services Example			
Adult Measures	LWIB Negotiated Level of Performance	LWIB Actual Performance	Actual Performance divided by Negotiated Performance
Credential Attainment	67%	66%	98.5%
Entered Employment Rate	76%	78%	102.5%
Retention in Employment	83%	85%	102.4%
Earning Gains	\$4,100	\$4,300	104.9%
Average Performance Results for the Adult Measures			102.1%

STEP TWO

Allocation Proportion: The amount of an area’s award for a given incentive category will depend on:

1. The extent to which an area meets or exceeds 100 percent of the negotiated performance levels for the incentive category.
2. The number of LWIAs that meet or exceed 100 percent of their negotiated performance levels for the same incentive category AND the number of exiters included in the local area’s measure must be greater than or equal to the percentage of program funds allocated to the local area.

The following formula will be used to calculate the awards in each of three award categories for Youth, Adults and Dislocated Workers:

$$\frac{\text{Local Area Average Performance}}{\text{Average Performance of Local Areas Meeting or Exceeding 100 percent AND \% of exiters requirement}} \times \frac{\text{Total Incentives Available for Funding Stream}}{\text{Number of Areas Meeting or Exceeding 100 percent AND \% of exiters requirement}}$$

Approved by the AWIB – April 12, 2005

(* Note: Older Youth and Younger Youth Incentives will be calculated separately and awarded, 70% for Younger Youth and 30% for Older Youth.)

For the award category of customer satisfaction, the following formula will be used:

$$\frac{\text{Total Customer Satisfaction Incentives Available}}{\text{Number of Areas Meeting Meeting or Exceeding Customer Satisfaction Measures}}$$

EXAMPLE:

	Entered Employment	Employment Retention	Earnings Change	Credential	Average
LWIA #1	114.7%	113.7%	128.2%	145.5%	125.52%
LWIA #2	120.2%	115.4%	107.1%	163.3%	126.5%
LWIA #3	106.2%	113.2%	142.7%	125.8%	121.97%

Note: LWIA #1 had 48 of the State's 1,256 adult exiters
 LWIA #2 had 249 of the State's 1,256 adult exiters
 LWIA #3 had 406 of the State's 1,256 adult exiters

	Percentage of Adult Allocations	Percentage of State's Adult Exiters	Eligible for Incentives? (Y/N)
LWIA #1	6.6%	3.8%	N
LWIA #2	9.9%	19.8%	Y
LWIA #3	18.8%	32.3%	Y

Although LWIA #1 met or exceeded performance in the four adult measures, the local area did not reach the necessary percentage of the State's adult program exiters and are consequently ineligible for an incentive in the adult program.

LWIA #2 and LWIA #3 are eligible to receive a portion of the \$50,000 Adult Program Incentive Fund.

Calculation of LWIA Incentive Amounts

Number of Local Areas meeting or exceeding performance:	2
Total Incentive Funds	\$50,000
Average of Local Areas meeting or exceeding performance	124.23%

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LWIA #2

$$\frac{126.5\%}{124.23\%} \times \frac{\$50,000}{2} = \$25,500$$

LWIA #3

$$\frac{121.97\%}{124.23\%} \times \frac{\$50,000}{2} = \$24,500$$

Allowable Uses of the Incentive Funds

The local area incentive funds may be used for any program activities allowed under WIA Title I-B [CFR 666.410]. Administrative activities may **not** be charged against these funds. In accordance with DOL guidance, expenditures for state incentive awards will be reported as non-administrative expenditures on the statewide report submitted to DOL.

This policy offers flexibility in that incentive funds awarded to a LWIA for exemplary youth performance, for example, may be directed for services to eligible youth, adults, and/or dislocated workers.